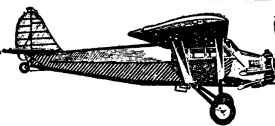


# SCHOOL DISTRICT FLYER



## A Newsletter of the Office of the Auditor General

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### USFR SURVEY RESULTS



We mentioned in our last newsletter that we received 78 completed surveys and overall, the results were very positive. Most respondents were Business Managers or Purchasing Directors with at least six years' experience representing both large and small districts.

#### A Few Statistics

**96%** of the respondents felt the USFR is a useful management tool that provides assistance in implementing statutory requirements.

**83%** of the respondents felt that the requirements of the USFR could be reasonably implemented.

**82%** of the respondents felt the level of detail in the USFR was appropriate, while 14% wanted more detail included in the manual.

Additionally, based on your comments, we are considering various ways to improve the USFR. Some possible actions include:

- Formatting the USFR in Adobe Acrobat for easier electronic access
- Placing priority on revising the most frequently used sections
- Adding more detail, examples, and sample journal entries to various sections
- Adding Q&As to sections as appropriate
- Including revision dates for all sections on our Web site to assist users in maintaining a current manual

### APPORTIONMENT OF STATE & COUNTY EQUALIZATION ASSISTANCE

The USFR Revenue section includes a formula for calculating the apportionment of state and county equalization assistance between the Maintenance

and Operation and the Capital Outlay Funds, based on amounts included in the adopted expenditure budget. However, due to statutory changes, this formula must be modified to include the Soft Capital Allocation Fund. The following amounts and formulas should be used to make the allocation among the three funds.

A = RCL budgeted for the M&O Fund

B = CORL budgeted for the M&O Fund

C = RCL budgeted for the Unrestricted Capital Outlay Fund

D = CORL budgeted for the Unrestricted Capital Outlay Fund

E = Soft Capital Allocation Limit (from budget Work Sheet I, line V.G)

$$\text{M\&O Ratio:} = \frac{A+B}{A+B+C+D+E}$$

$$\text{Unrestricted Capital Outlay Ratio:} = \frac{C+D}{A+B+C+D+E}$$

$$\text{Soft Capital Allocation Ratio:} = \frac{E}{A+B+C+D+E}$$

### PROGRESS ON CAPITAL VS. M&O

We appreciate the overall positive comments we received from those who attended our Capital vs. M&O presentation at the February AASBO Conference. For those of you who did not attend our February presentation, the following is a brief description of the items covered. *Please note that this guidance is preliminary.*



**No Dollar Threshold:** The USFR Chart of Accounts issued in April 1998 does not include the old \$50 capital threshold. That threshold was not specified in statute and consequently is not included in the preliminary guidance for Capital

vs. M&O determination, which focuses on the nature of an item rather than its cost.

**Capital and Noncapital Lists:** Lists of items have been developed to help districts make the determination of Capital vs. M&O. These lists will be issued with a USFR Memorandum addressing Capital vs. M&O, and updated as often as necessary to help provide consistent application among districts.

**Determination Chart:** A chart has been developed that includes a series of questions and references to the Capital and Noncapital lists to provide districts with steps for making the Capital vs. M&O determination for any item.

We will issue a USFR Memorandum on this topic once the guidelines are finalized. However, the guidelines will not be effective until fiscal year 2001-02 so that districts can plan for any changes before developing their budgets for that year.



### BUDGET REVISIONS

Revisions to the adopted expenditure budget for fiscal year 1999-2000 must be made and approved by the Governing Board before May 15, 2000. A USFR Memorandum will be issued in April with detailed instructions on budget revisions.



### QUESTION & ANSWER



**Question:** The IRS recently changed its mileage reimbursement rate. Should school districts follow the new IRS rate?

**Answer:** Not yet. School districts are required to follow the lodging, meals and incidentals, and mileage reimbursement rates set by the Arizona Department of Administration (DOA). The current rates set by DOA are reflected in USFR Memorandum Nos. 156 and 159.

However, the mileage reimbursement rate set by DOA is based on the IRS' rate and will likely be changed in the near future to reflect the new IRS rate. In addition, DOA bases the reimbursement rates for lodging and incidentals on the federal government rates, which were also changed recently. DOA will revise the reimbursement rates based on the new IRS mileage and federal

lodging and incidentals rates and submit these rates along with the Department's recommended meal reimbursement rates to the Legislature for approval. Once approved by the Legislature, we will issue a new USFR Memorandum with the updated information.

Until a new USFR Memorandum is issued, districts must use the mileage rate of 31 cents per mile from USFR Memorandum No. 159 and the lodging and meals and incidentals rates from USFR Memorandum No. 156. These and all current USFR Memorandums are available on our Web site at [www.auditorgen.state.az.us](http://www.auditorgen.state.az.us) in the Services/Manuals section.



### SPOTLIGHT ON SCHOOL FACILITIES BOARD WEB SITE

Understanding the requirements for the new capital funds created by Students FIRST can be challenging. A valuable source of information on these funds is the School Facilities Board Web site located at [www.sfb.state.az.us](http://www.sfb.state.az.us). The site offers information on the Board's policies and procedures, including the process for reviewing requests for funds. It also offers information on the appropriate use of the monies distributed by the Board for the Building Renewal, Deficiencies Correction, and New School Facilities Funds.

Better still, the answers to 30 frequently asked questions on Students FIRST as well as other questions regarding the assessment process are included in the Forms and Documents area of the site. The Board encourages districts to submit questions to the Board's staff via the e-mail addresses listed on the site or by calling them at (602) 542-6501.



### USFR MEMORANDUM UPDATE

Since our last newsletter, we issued USFR Memorandum No. 166 on the Technology-Assisted Project-Based Instruction Program. If you need a copy of this or any current USFR Memorandum, please visit our Web site at [www.auditorgen.state.az.us](http://www.auditorgen.state.az.us) or call the Accounting Services Division of our Office at (602) 553-0333.